



Calpine Corporation



Bechtel Enterprises Holdings, Inc.

QUESTIONS AND ANSWERS:

ABOUT THE RUSSELL CITY ENERGY CENTER

What is the Russell City Energy Center?

The Russell City Energy Center is a proposed 600-megawatt combined-cycle electric generating facility that will bring much-needed energy capacity to Alameda and San Mateo counties. The facility will provide enough electricity for 600,000 people. The Energy Center, which will use natural gas for fuel, will allow for a greater than 90 percent reduction of emissions and will be 40 percent more fuel efficient than older, fossil-fueled generating facilities in the Bay Area.

Where Will the Russell City Energy Center be Located?

The Russell City Energy Center will be located on approximately 14 acres, zoned heavy industrial, at 3636 Enterprise Avenue in Hayward. The site is adjacent to the City of Hayward's wastewater treatment plant which will supply recycled water to the Energy Center.

Who Is The Sponsor of this Project?

San Jose-based Calpine Corporation and San Francisco-based Bechtel Enterprises Holdings, Inc. are the sponsors of the Russell City Energy Center. Calpine Corporation is a leading national power company that currently has 26,800 megawatts of energy capacity in operation, under construction or in development in 27 states. Calpine generates electricity using two proven and environmentally friendly technologies—natural gas combined-cycle and geothermal. Founded in 1984, Calpine is publicly traded on the New York Stock Exchange under the symbol CPN.

Bechtel Enterprises Holdings, Inc. is the development, financing and ownership affiliate of the Bechtel organization, a global engineering and construction firm. Bechtel has been at the center of energy development since the 1940s, having built more than 450 power stations with a total generating capacity exceeding 250,000 megawatts. Through

its power development affiliate, InterGen, and its own portfolio, Bechtel Enterprises also has more than 17,600 megawatts of energy capacity in operations, under construction, or in advanced development around the world.

Why Is a New Generating Facility Needed?

In the summer of 2000, Californians began to experience the severe energy shortages now facing our state. Lack of adequate electrical resources have led to brown-outs and black-outs locally and sent electrical bills skyrocketing. Supply shortages have now continued into the winter months, making California's need for new reliable energy resources even more urgent. New electric generating facilities—located near where the power is needed—will help insulate residents and businesses in our area from the disruption and expense of inadequate electrical supplies.

What Is Causing Power Shortages in the Area?

No major new generating facilities have been built in the Bay Area since the early 1970's, while the population has grown by over 50%. California depends on importing 20% of its electricity from other states and these imports are becoming unreliable as their own economies and electrical needs continue to grow.

The enormous growth of the Internet is also contributing to our energy shortages. Millions of computers, displays, printers and the widespread use of email for commerce contribute to hundreds of megawatts of new energy demand each year. And, additional household appliances and electronics demand more and more power. From the simplest digital clocks to complex "smart chips," California households and businesses now have dozens of devices that operate continuously, drawing electric power 24 hours a day, seven days a week. The Russell City Energy Center will help solve the supply problem facing consumers and businesses by providing clean, affordable and efficient new generating capacity.

Why Can't Conservation or Alternative Power Sources Remedy Our Power Shortages?

A multi-faceted solution, including conservation, renewable power sources and new generating facilities such as Russell City will be required to solve our energy problems.

Conservation alone is not the answer because the amount of energy that can be conserved is limited and our energy needs continue to grow.

Renewable power sources such as wind and solar are used in some parts of the state but do not provide a constant and reliable energy source. In addition, expanding these alternative power sources would require the use of thousands of acres of land, raising a number of other environmental considerations.

What Makes This a Good Site for the Russell City Energy Center?

The site is located in an area zoned for heavy industrial use and it is located next to the City of Hayward's wastewater treatment plant—where the Energy Center will obtain recycled water for the facility. The site is located near natural gas lines and close to a transmission substation that will carry this much needed energy throughout the region.

Why Not Put the Facility in a More Remote Area?

New electric generating facilities—located near where the energy is needed—will help insulate the residents and businesses in our area from the disruption and expense of inadequate electrical supplies. In fact, many electric generating facilities are located in urban areas, allowing the energy to be efficiently distributed where it is most needed. In the Bay Area, large, older plants are located in San Francisco and the East Bay and smaller plants are located at Agnews State Hospital, San Francisco International Airport and on the campuses of Stanford University, UC Berkeley, and San Jose State University.

Why Can't More Transmission Lines Solve Our Energy Problems?

The construction of additional transmission lines is not only expensive, but requires 5 years or more for permitting and 2 years of construction time. A new electric generating facility can be permitted, built and begin delivering energy to the local population in approximately 4 years. Further, miles and miles of new transmission lines would negatively impact our open spaces. In addition, local generating facilities strengthen the regional electrical grid, enhancing the reliability and quality of our power supplies in a way that new transmission lines cannot.

How Clean and Safe is the Energy Center?

The Russell City Energy Center will use combined-cycle technology, the same tested, proven technology that is currently being utilized in hundreds of modern electric generating facilities across the country and around the world. Through the use of advanced environmental technologies, these facilities allow for a greater than 90 percent reduction of emissions and are 40 percent more fuel efficient than older, fossil-fueled generating facilities in the Bay Area.

Calpine and Bechtel incorporate advanced safety features into the design of all of their electric generating facilities, and their highly-skilled employees undergo extensive safety training. During the operation of the facility, all systems will be monitored 24 hours a day. Both the gas and electrical systems will be built to meet exacting industry and government environmental standards, and all potentially hazardous materials will be limited in size and securely contained above ground. Further, the California Energy Commission will complete an exhaustive review of the proposed facility's safety and operations and will monitor and inspect the facility's operations for the life of the project.

Will the Energy Center Affect Local Air and Water Quality?

Calpine and Bechtel must submit detailed environmental reports to the California Energy Commission (CEC) before approval will be given for the Russell City Energy Center. These reports will include any effects that the facility will have on every aspect of the environment, including air and water quality, noise, traffic and aesthetics. The design and operation of the plant will mitigate adverse impacts to insignificant levels.

The Russell City Energy Center will use the Best Available Control Technology approved by the Bay Area Air Quality Management District. The Energy Center must also purchase and permanently retire emission reduction credits obtained from within Hayward and the Bay Area in excess of the emissions created by the facility's operation.

The Energy Center will use recycled wastewater from the City of Hayward's wastewater treatment plant in its operations. Most of the water will be reused at the facility until it is evaporated. This will prevent millions of gallons of wastewater a day from otherwise flowing into San Francisco Bay.

The facility will be built using extensive noise reduction technology. During the quietest hours of the night, the facility will operate with noise levels that will be barely detectable.

Aren't New Energy Centers in Northern California Supposed to Solve the Area's Energy Problems?

Yes, they are, and the Russell City Energy Center is one of several facilities needed to help solve our region's energy supply problems. Along with Calpine and Bechtel projects in Contra Costa and Sutter counties and elsewhere, the Energy Center will satisfy a major portion of the ever-growing demand for power. As energy resources imported from outside the state (such as hydropower from Washington state and coal and nuclear power from Arizona) are increasingly needed to address growth inside those states, new facilities like the Russell City Energy Center will be crucial to California's ability to continue to supply clean, reliable and affordable energy to our families and businesses.

What Will Building the Facility Cost Taxpayers?

Nothing. The Russell City Energy Center is sponsored by Calpine and Bechtel who will bear all financial risk for building the facility.

How Many Jobs Will the Energy Center Create?

The Energy Center will create approximately 250 union construction jobs and 20-25 full-time, high-wage jobs.

How Will Hayward Benefit from the Russell City Energy Center?

Hayward and Alameda County will benefit from the approximately \$10 million in purchases of construction materials, supplies and services from local companies and the sales tax revenue from these purchases that go to state and local governments. And, the facility will contribute more than \$3-4 million each year in property taxes.

Calpine and Bechtel will also work with the city and local agencies to implement a program of community benefits including major funding of a new main city library, grants to selected local foundations and improvements to hiking/biking trails.

Who Approves New Energy Centers?

The California Energy Commission (CEC) is responsible for the licensing of new generating facilities in the state. To obtain approval, the Russell City Energy Center must go through a rigorous environmental review process that will be led by the CEC with the participation of federal, state and local governments, environmental agencies and the public. The purpose of the review is to ensure that the facility does not adversely impact public health or environment. The City of Hayward will advise the CEC and other agencies on the project's conformance with all local laws, ordinances, regulations and standards.

Copies of the full reports will be available at local public libraries and on the Internet. Before approval of a project is given, the community will be invited to participate in the environmental review process at public hearings and environmental workshops held in Hayward. Calpine and Bechtel welcome and encourage the participation of the community in this entire process.

How Can I Get More Information?

Over the next few months, Calpine and Bechtel and the California Energy Commission will communicate with Hayward residents and provide information about open houses, community meetings and environmental workshops and hearings. Residents and businesses interested in learning more about the project can reach us by calling our Community Outreach line at 510-704-8475.

What is Russell City?

The Energy Center will be located in a formerly unincorporated area of Hayward which was known as Russell City. Russell City was settled by Danish dairy farmers in the 1800's and by the 1940's had become a largely African American community. The post-war years saw the emergence of a music form known as West Coast Blues which

was performed in after-hours nightclubs in Russell City. This musical tradition lives on through the annual Hayward-Russell City Blues Festival.